

EXHIBIT A

HEARING DATE: AUGUST 23, 2010
HEARING TIME: 1:30 P.M.

WILK AUSLANDER LLP
675 Third Avenue
New York, New York 10017
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Eric J. Snyder (ES-8032)
Counsel for the Debtor

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re:

RAMP CHEVROLET, INC.,

Debtor.

Chapter 11

Case No.: 09-77513 (reg)

**RESPONSE OF DEBTOR TO OBJECTION OF CERTAIN
PARTIES TO DEBTOR'S DISCLOSURE STATEMENT**

**TO: THE HONORABLE ROBERT E. GROSSMAN,
UNITED STATES BANKRUPTCY JUDGE:**

Ramp Chevrolet, Inc., the debtor and debtor-in-possession herein ("Debtor"), by its counsel, submits this response to the objections (the "Objections") filed by Bank of Smithtown, 1581 Holdings, LLC and General Motors LLC to the Debtor's proposed disclosure statement. In support of the Response, the Debtor states as follows:

1. The aforementioned three entities filed the Objections to the Disclosure Statement. In response, the Debtor has amended the Disclosure Statement to address the issues raised regarding disclosure. A copy of the amended disclosure statement, including a "black-lined" version to reflect changes, are annexed hereto as Exhibits A & B, respectively.

2. One of the issues raised by 1581 Holdings relates to the linking of effective date of the proposed plan to the receipt of the Wind-Down Money. This issue

does not go to disclosure, but to confirmation of the proposed plan. Therefore, it is more appropriately addressed when determining the confirmability of the plan under Section 1129 and the related provisions of the Bankruptcy Code.

CONCLUSION

For all of the reasons set forth above, the Debtor respectfully requests that this Court enter an order: (i) determining that the Disclosure Statement, as amended, contains “adequate information” as that term is defined under Section 1125 of the Bankruptcy Code; and (ii) for such other and further relief as this Court deems just and proper.

Dated: New York, New York
August 19, 2010

WILK AUSLANDER LLP
Counsel for the Debtor

By: /s/ Eric J. Snyder
Eric J. Snyder, Esq. (ES-8032)
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EXHIBIT A

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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

Chapter 11

RAMP CHEVROLET, INC.,

Debtor.

Case No: 09-77513-REG

-----X

AMENDED DISCLOSURE STATEMENT

This Amended Disclosure Statement (the "Disclosure Statement") is filed pursuant to Section 1125 of Title 11, United States Code, on behalf of Ramp Chevrolet, Inc., Debtor and Debtor-in-Possession.

A. INTRODUCTION/NOTICE OF HEARING AND SOURCE OF INFORMATION

Pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), Ramp Chevrolet, Inc., the debtor herein (the "Debtor") provides this Disclosure Statement (the "Disclosure Statement") to all of the known Creditors of the Debtor and other parties in interest in order to provide information deemed by the Debtor to be material and necessary to enable such Creditors and parties in interest to make a reasonable informed decision in the exercise of their rights to vote on and participate in Debtor's Plan of Liquidation (the "Plan"). The Plan is annexed hereto as Exhibit "A". The information contained in this Disclosure Statement is based on the representations made by the Debtor in its Petition and Schedules and all other documents provided by counsel for the Debtor and are believed to be accurate. It has not been subject to certified audit or independent review. Therefore, no representation or warranty is made as to its

accuracy or completeness. However, the Debtor has reasonably endeavored to obtain and supply all material information.

Terms utilized in this Disclosure Statement, if not defined herein, shall have the same meaning as such terms are used or defined in the Plan unless the context hereof requires a different meaning.

THE BANKRUPTCY COURT HAS SET AUGUST __ 2010 AT 1:30 P.M. OF THAT DAY AS THE DATE AND TIME OF THE HEARING ON CONFIRMATION OF THE PLAN AND OBJECTIONS THERETO, WHICH HEARING WILL BE HELD IN THE COURTROOM OF THE HONORABLE ROBERT E. GROSSMAN, UNITED STATES COURTHOUSE-ROOM 860, CENTRAL ISLIP, NEW YORK 11722. CREDITORS OF, AND HOLDERS OF INTERESTS IN, THE DEBTOR MAY ATTEND SUCH HEARING. THE BANKRUPTCY COURT HAS FIXED JULY __, 2010 AS THE DATE AND TIME BY WHICH ALL WRITTEN OBJECTIONS TO CONFIRMATION OF THE PLAN SHALL BE FILED WITH THE BANKRUPTCY COURT AND SERVED UPON THE ATTORNEY FOR THE DEBTOR AND UPON THE UNITED STATES TRUSTEE.

A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR YOUR USE IN VOTING ON THE PLAN. IN ORDER TO BE CONFIRMED, THE PLAN MUST BE ACCEPTED BY A MAJORITY IN NUMBER AND TWO-THIRDS IN AMOUNT OF THOSE VOTING IN EACH CLASS IMPAIRED UNDER THE PLAN.

**YOU ARE URGED TO REVIEW THE PLAN, THIS DISCLOSURE
STATEMENT, AND THE BALLOT WITH COUNSEL OF YOUR CHOICE.
HOLDERS OF CLAIMS OR INTERESTS WHICH ARE IMPAIRED UNDER
THE PLAN MAY VOTE TO ACCEPT OR REJECT THE PLAN BY
COMPLETING AND MAILING THE ENCLOSED BALLOT ON OR BEFORE
JULY __, 2010, TO COUNSEL FOR THE DEBTOR AT THE ADDRESS SET
FORTH BELOW:**

**WILK AUSLANDER LLP
675 Third Avenue
New York, New York 10017-5704
Attn: Eric J. Snyder, Esq.**

**THE DEBTOR BELIEVES THE TREATMENT OF UNSECURED
CREDITORS THAT ARE IMPAIRED UNDER THE PLAN CONTEMPLATES A
GREATER RECOVERY FOR SUCH CREDITORS THAN WOULD BE
AVAILABLE UNDER ANY ALTERNATIVE PLAN OR IN A CHAPTER 7
LIQUIDATION.**

**ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION
OF THE PLAN IS IN THE BEST INTERESTS OF THE IMPAIRED GENERAL
UNSECURED CREDITORS AND RECOMMENDS THAT ALL SUCH
CREDITORS VOTE TO ACCEPT THE PLAN.**

Other than the information set forth in this Disclosure Statement, the Debtor has authorized no person or entity to make representations concerning the Debtor, its business, its future income, the value of the Debtor's assets, or the amounts to be distributed under the Plan. Any representations or inducements made to secure your

acceptance of the Plan which is other than as contained in this Disclosure Statement should not be relied upon by you in determining whether to accept or reject the Plan.

B. DEBTOR'S BUSINESS

The Debtor is a New York corporation. Its shareholders are John and Charles Rampone, Jr. The Debtor owns and operates Chevrolet, Chevrolet Truck and Hummer franchises (the "Dealerships"), pursuant to franchise agreements (the "Franchise Agreements") by and between the Debtor and the General Motors Company ("GM"). The Dealerships are located at 1395 Route 112, Port Jefferson, New York.

C. PRE-PETITION HISTORY OF THE DEBTOR

During June, 2009, GM filed for Chapter 11 relief. Immediately thereafter, GM informed the Debtor that it would be terminating the Franchise Agreements.

To this end, on June 12, 2009, the Debtor entered into three agreements (the "Wind-Down Agreements") with GM to "wind-down" the operations of the Dealerships. Pursuant to the Wind-Down Agreements, upon the sale of the Debtor's new car inventory of each franchise, the Debtor is required to close the Dealership. In exchange, GM has agreed to pay to the Debtor the sum of \$1,304,613 (the "Wind-Down Money"), in total, for consideration in terminating the three Dealerships. During August, 2009, 25% of the Wind-Down Amount, \$326,154.75, was paid to the Debtor by GM.

For the quarters ending November 30, 2009, February 28, 2009 and May 31, 2009, the Debtor failed to remit sales tax to the New York State Department of Taxation & Finance (“DTF”) in the amounts of \$1,442,636.09, \$639,750.04 and \$425,993.96, respectively, totaling \$2,508,380.09 (the “DTF Claim”). Of this amount, the sum of \$2,082,386.13 (“DTF Secured Claim”) is subject to Tax Warrants.

As of that date, the Debtor also owed GMAC, the entity that financed the purchase of the vehicles for the Dealerships, the sum of \$587,201.92 (the “GMAC Claim”), secured by all of the Debtor’s assets.

On October 2, 2009, DTF sought to enforce its rights under the Tax Warrants and changed the locks on the Dealerships. As a result, the Debtor was compelled to seek Chapter 11 relief.

D. HISTORY OF THE CHAPTER 11 CASE

As stated above, as of the Petition Date, the Debtor owed GMAC the sum of approximately \$507,201.92 and the DTF approximately \$2,082,386.13. As a result of the DTF’s secured status as of the Petition Date, it was necessary for the Debtor to seek the use of the cash collateral of GMAC and the DTF, pursuant to Section 363(c)(2)(B) of the Bankruptcy Code. By motion dated October 6, 2009, Debtor sought authority to use GMAC’s and DTF’s cash collateral. Pursuant to a Stipulation and Order dated October 20, 2009, the Debtor and GMAC entered into a Stipulation authorizing the Debtor to use cash collateral through November 4, 2009. On or about that date, the GMAC Claim was satisfied.

On December 3, 2009, the Debtor filed a motion (the “Assumption Motion”), pursuant to Section 365 of the Bankruptcy Code, to assume the Wind-Down Agreements.

Pursuant to an order of the Court, dated February 3, 2010, the Assumption Motion was granted.

During November, 2009, the Debtor sold the last of its retail vehicles. As a result, under the Wind-Down Agreements, the Debtor became eligible to collect the Wind-Down Money. To this end, the Debtor has requested the commencement of the procedures to terminate the Franchise Agreement by December 31, 2009 and to obtain the Wind-Down Money.

On February 8, 2010, the Office of the United States Trustee filed a motion (the "Conversion Motion") to convert or dismiss the Debtor's bankruptcy case. In order to resolve the Conversion Motion, the DTF agreed to allow a portion of the Wind-Down Money to be paid to satisfy Administrative Expenses and the Class 3 Claims, on a *pro rata* basis, as set forth below.

On July 23, 2010, GM filed a proof of claim in the bankruptcy proceeding asserting a secured claim of \$699,096.01 (the "Set-Off Amount") based on set off and recoupment rights.

On August 18, 2010, the Debtor provided to GM all of the documents GM stated it requires under the Wind-Down Agreement in order for the Debtor to obtain the Wind-Down Money. The Debtor shall immediately seek to compel GM to pay to the Debtor the \$279,363.79 in Wind-Down Money that is not disputed. Since the Debtor believes that GM's attempt to set-off the Set-Off Amount is improper, the Debtor shall also seek to compel GM to remit the remainder of the Wind-Down Money for the benefit of the Debtor's creditors.

E. THE LIQUIDATING DEBTOR

The Debtor is no longer operating. Its remaining assets are: a) vehicle parts, equal to approximately \$100,000; b) the right to receive the remainder of the Wind-Down Money equal to approximately \$975,000, totaling up to \$1,075,000.

F. INSIDER TRANSACTIONS

Within one year of the Petition Date, the Debtor made no payments or transfers to any insider as that term is defined pursuant to the Bankruptcy Code, other than: i) the payments of salaries to the Rampone, as officers of the Debtor; and ii) the payment of \$100,000, on August 20, 2010, by the Debtor to United Bus Co., an entity owned by the Rampones.

This \$100,000 used to make this transfer to United Bus was deposited also on August 20, 2010 by Charles Rampone into the Debtor's bank account, even though he did not owe any money to the Debtor at that time, for the sole purpose of paying it over to United Bus and the Debtor.

G. CLASSIFICATION, AMOUNT AND NUMBER OF CLAIMS

1. The Plan divides all Claims and Interest into five Classes, plus Administrative Claims.

Administrative Claims consist of the allowed claims of Debtor's duly retained professionals, not paid during the bankruptcy proceeding and any other Administrative Expenses allowed under Section 503 of the Bankruptcy Code. Holders of Administrative Claims, as of May 31, 2010, are the sums owed Debtor's counsel in the amount of approximately \$50,000, including a retainer received by counsel prior to the Petition in

the sum of \$25,000 and the claim of 1581 Holding, LLC, the Debtor's former landlord, in the amount of \$14,000. There are no other accrued unpaid Administrative Expenses except for any unpaid fees owed to the Office of the United States Trustee, for the Second Quarter 2010, in the amount of approximately \$5,000, in total. The obligation to pay quarterly fees to the United States Trustee continues until the entry of the Final Decree by the Bankruptcy Court.

2. Class 1, consists of one claim, the secured claim of the DTF, in the amount of \$2,082,386.13.

3. Class 2 consists of one claim, the priority sales tax claim of the DTF in the amount of \$425,993.96.

4. Class 3 consists of approximately 100 Allowed General Unsecured Claims, not including the claims of insiders, as that term is defined in the Bankruptcy Code, in the aggregate amount of approximately \$7,573,925.

5. Class 4 claims consist of the Claims of the Debtor's insiders, in the amount of approximately \$3,500,000.

6. Class 5 consists of the Interests of the Debtor held by John and Charles Rampone, Jr.

H. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. Confirmation Hearing.

The Bankruptcy Court has set July __, 2010 at 1:30 p.m. as the date and time for a hearing to determine whether the Plan has been accepted by the requisite number of Creditors and Interest holders and whether the other requirements for confirmation of the Plan have been satisfied.

Each Creditor and Interest Holder will receive notice of the Confirmation Hearing.

2. Requirements for Confirmation.

In order to confirm the Plan, Section 1129 of the Bankruptcy Code requires the Bankruptcy Court to make a series of determinations concerning the Plan, including that:

- a. the Plan classifies Claims and Interests in a permissible manner;
- b. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code;
- c. the proponent of the Plan (here the Debtor) has proposed the Plan in good faith;
- d. the Plan proponent's disclosures concerning the Plan have been adequate and have included information concerning all payments and distributions to be made in connection with the Plan; and

The Debtor believes that all of these conditions have been met or will be met by the time of the Confirmation Hearing, and the Debtor will seek a determination of the Bankruptcy Court to this effect at the Confirmation Hearing.

3. Acceptances Necessary for Confirmation.

The Bankruptcy Code requires that the Plan place each Creditor's Claim and each Interest in a class with other Claims or Interests which are substantially similar. The Debtor believes that the classification system in the Plan meets the Bankruptcy Code's standard. Although the Bankruptcy Court must independently conclude that the Plan's classification system is legally authorized, any Creditor or Interest holder who believes that the Plan has improperly classified any group of Claims or Interests may object to Confirmation of the Plan.

The Bankruptcy Code requires that the Plan be accepted by requisite votes of Creditors and Interest Holders. At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Class of Creditors and Interest holders whose Claims or Interests are impaired under the Plan. Under Section 1126 of the Bankruptcy Code, any impaired Class is deemed to accept the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims or Interests of Class members who have voted on the Plan.

Further, at least one impaired Class must accept the Plan, without counting the vote of Insiders of the Debtor.

Finally, unless there is unanimous acceptance of the Plan by an impaired Class, the Court must also determine that under the Plan, Class members will receive property of value as of the Effective Date of the Plan that is not less than the amount such Class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. Under the Plan, the holder of the Allowed Classes 1 and 3 will receive a partial distribution, on account of their Allowed Claims. As set forth in the liquidation analysis, annexed hereto as Exhibit B, the holders of Class 3 Claims are receiving a greater distribution under the Plan than if the Debtor's case were converted to a case under Chapter 7 of the Bankruptcy Code.

4. Confirmation of Plan Without Necessary Acceptances.

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Court finds that the Plan was accepted by at least one impaired Class and does not discriminate unfairly against, and is fair and equitable with respect to, all non-accepting impaired Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code

and requires, among other things, that the holders of Claims or Interests which are impaired must either receive or retain the full value of their Claims or, if they receive less, no Class with a junior priority may receive anything.

5. Absolute Priority Rule.

With certain exceptions, one of the requirements for Confirmation is that a plan not provide for any payments to a junior Class unless all senior Classes are paid in full. Since General Unsecured Claims are superior to Interests, stockholders may not retain their Interests unless one of three situations occurs:

- (i) The plan provides for full payment to general unsecured creditors; or
- (ii) The stockholders seeking to retain their equity interests contribute “money or money’s worth” in the form of needed capital to the reorganized debtor reasonably equivalent in value to that of the equity interest sought to be retained; or
- (iii) The class of unsecured creditors waives their rights by consenting to the plan as proposed. In the present case, Class 5 Equity Interests will be cancelled. Therefore, the absolute priority rule will be satisfied.

6. Persons Entitled to Vote on the Plan.

Only the votes of Classes whose Claims or Interests are impaired by the Plan will be counted in connection with Confirmation. Generally, this includes any holders of Claims who, under the Plan, will receive less than payment in full of the Allowed Amount of their Claims on the Effective Date. Holders of Administrative Claims are not impaired and are not entitled to vote. Classes 1 and 3 Claims are impaired and entitled to vote. Holders of Class 2 and 4 Claims and Class 5 Interests will not receive a distribution under the Plan and are deemed to have rejected the Plan.

In determining the acceptance of the Plan, votes will be counted only if submitted by a holder of a Claim whose Claim is scheduled by the Debtor as undisputed, non-

contingent, and liquidated, or who timely filed with the Bankruptcy Court a proof of claim which has not been objected to or disallowed.

7. Solicitation of Acceptances.

This Disclosure Statement must be approved by the Bankruptcy Court in accordance with Section 1125 of the Bankruptcy Code and be provided to each holder of a Claim who has been scheduled by the Debtor or who has filed a proof of claim. This Disclosure Statement is intended to assist holders of Claims which are impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, a determination that the Disclosure Statement contains "adequate information", as required by the Bankruptcy Code, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

8. Voting Procedures.

All persons or entities entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, and signing the ballot for accepting or rejecting the Plan to be sent to them under separate cover, and delivering same to counsel for the Debtor, Eric J. Snyder, Esq., Wilk Auslander LLP, 675 Third Avenue, New York, New York 10017. In order to be counted, all ballots must be received by Wilk Auslander LLP on or before July __, 2010.

I. DESCRIPTION OF THE PLAN

The following is a summary of certain provisions of the Plan. **IT IS NOT A COMPLETE STATEMENT OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO PROVISIONS OF THE PLAN.** The Plan (annexed thereto as Exhibit "A"), which is subject to the provisions of the Bankruptcy

Code, provides for treatment of all holders of Claims and Interests of the Debtor. **SINCE THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS, AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE IN MAKING ANY DECISIONS REGARDING YOUR VOTING ON THE PLAN.**

**1. Summary of Classifications and
Treatment of Claims and Interests under the Plan.**

The Plan divides Claims and Interests of the Debtor into Administrative Claims and five (5) Classes of Claims and Interests. The Classes and payments to be made in respect of, or treatment proposed to be accorded to Allowed Claims and Interests of each Class under the Plan are summarized and described below. The term "Allowed Claim" is defined in the Plan. The Plan also defines "Disputed Claim(s)" and proposes the treatment to be accorded to Disputed Claims. The proposed treatment of Disputed Claims is also summarized and described below.

A. ADMINISTRATIVE CLAIMS.

In order to Confirm the Plan, it is necessary for the Debtor to satisfy the Administrative Claims on the Effective Date or to have the holders of the Administrative Claims agree to different treatment.

DTF, the holder of the Class 1 Claim, has agreed to allow the payment of the following amounts (the "Carve-Out"), upon receipt by the Debtor of the Wind-Down Money: a) professionals to be paid up to the sum of \$25,000, on account of their Allowed Claim; b) the claim of 1581 Holdings, LLC, in the amount of \$14,000; and c) the sum of \$50,000 to be shared *pro rata* with all Allowed Class 3 Claims, as set forth below.

Upon approval of the Bankruptcy Court, the Administrative Claims of Debtor's professionals shall be paid either on the Confirmation Date or as otherwise agreed to by the parties.

B. CLASS 1 CLAIM (SECURED CLAIM OF DTF)

Subsequent to the payment of the Carveout Amount set forth above, and on the Effective Date, DTF will be paid up to the amount of its Allowed Class 1 Claim. The Class 1 Claim shall retain its lien on the Debtor's property until satisfied in full. The Class 1 Claim is impaired and entitled to vote.

C. CLASS 2 (PRIORITY CLAIMS OF THE TAXING AUTHORITIES)

The holder of the Class 2 Claims shall not receive a distribution on account of their Class 2 Claim. As a result, the Class 2 Claims are impaired and are deemed to have rejected the Plan.

D. CLASS 3 (GENERAL UNSECURED CLAIMS)

On the Effective Date, the holder of the Class 3 Claims shall receive a distribution on account of their Class 3 Claim equal to a pro rata distribution of the \$50,000 that the Debtor shall receive, pursuant to the Carve-Out, from the Wind-Down Money. As a result, the Class 3 Claims are impaired and are entitled to vote.

E. CLASS 4 (SUBORDINATED INSIDER GENERAL UNSECURED CLAIMS)

Class 4 Subordinated General Unsecured Claims shall not receive a distribution under the Plan. As a result, the Class 4 Claims are impaired and are deemed to have rejected their treatment under the Plan.

F. CLASS 5 (EQUITY INTERESTS)

The Class 5 Interests will be cancelled on the Effective Date. As a result, the Class 5 Interests are impaired and are deemed to have rejected his treatment under the Plan.

G. CLAIMS OBJECTIONS

The Debtor reserves the right to bring claims objections within 90 days of the Confirmation Date.

H. VALUE OF EQUITY INTERESTS TO BE RETAINED

On the date all of the Wind-Down Money is received, all the rights and interest of the holder of the Class 5 Interests will be extinguished.

I. TAX CONSEQUENCES OF THE PLAN

1. General Consequences.

**THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN
SELECTED SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES BUT
NOT STATE, LOCAL OR FOREIGN TAX CONSEQUENCES, OF THE PLAN
TO THE DEBTOR, HOLDERS OF CLAIMS AND HOLDERS OF INTERESTS.
THESE TAX CONSEQUENCES MAY BE AFFECTED BY SUCH FACTORS AS
CHANGES IN THE STRUCTURE OF THE DEBTOR FROM THAT**

DESCRIBED HEREIN. THE FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND INTERESTS MAY VARY SIGNIFICANTLY DEPENDING ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER.

MOREOVER, THE FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN BECAUSE OF THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN FEDERAL INCOME TAX LAWS. ACCORDINGLY, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

In general, the federal income tax consequences to the Debtor and to each holder of an Allowed Claim will depend on numerous factors. These factors include but are not limited to the following:

- a. The identity and status of the particular Claimant for federal income tax purposes;
- b. The financial status of the Claimant and the Debtor, including the amount and character of any current tax attributes and tax attribute carryovers or carrybacks of the Claimant and/or the Debtor;
- c. The nature (recourse or nonrecourse) and terms of the debt instrument(s) to be restructured including the allocation of payments between principal and accrued but unpaid interest;
- d. The accounting method of the Claim holder;
- e. The relationship, if any, between the Debtor and the Claim holder;
- f. The residency, alienage or place of legal incorporation or formation (foreign or U.S.) of the Claim holder and/or the persons owning beneficial equity interests in the Claim holder.

- g. The type or method of debt restructure adopted by the Debtor and the Claim holder and the timing of such debt restructure.

The application of the factors to each Claim holder will depend on the Claim holder's individual facts and circumstances. In addition the federal income tax consequences to the Debtor and Claim holder may depend on events which occur several years after the Plan is implemented.

THE DEBTOR'S LEGAL COUNSEL DOES NOT HAS SUFFICIENT INFORMATION TO DETERMINE ALL OF THE SPECIFIC FEDERAL INCOME TAX CONSEQUENCES TO EACH OF THE CLAIM AND INTEREST HOLDERS RESULTING FROM THE PLAN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

NO RULINGS HAVE BEEN OR ARE EXPECTED TO BE REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR ANY STATE TAX AGENCY CONCERNING ANY OF THE TAX MATTERS DESCRIBED HEREIN. THERE CAN BE NO ASSURANCE THAT THE IRS OR ANY STATE TAX AGENCY WILL NOT CHALLENGE THE POSITIONS TAKEN BY THE DEBTOR WITH RESPECT TO ANY OF THE ISSUES ADDRESSED HEREIN OR THAT A COURT OF COMPETENT JURISDICTION WOULD NOT SUSTAIN SUCH A CHALLENGE.

2. Tax Consequences of Cash Payments to Holders of Allowed Claims.

The federal income tax consequences with respect to payments of Cash to holders of Allowed Claims in partial or full satisfaction of debt, or pursuant to a tax free recapitalization or other restructuring, depend on the allocation of such payments to principal and interest owed on the debt. The allocation of payments between interest and principal may affect:

- a. the existence and timing of recognition of interest income by a cash basis Claim holder;
- b. the existence and timing of interest deductions on a cash basis (and sometimes to an accrual basis) Debtor;
- c. the amount (and possibly the character) of worthless debt loss recognized by the Claim holder;
- d. the amount of cancellation of indebtedness income recognized by the Debtor; and
- e. the amount of gain or loss recognized by the Claim holder pursuant to a recapitalization under Internal Revenue Code § 368(a)(1)(E).

A holder of an Allowed Claim will recognize ordinary income to the extent that any stock, debt securities, other premises, or cash received is attributable to interest (including original issue discount) which has accrued while the Claim holder held the debt and which the Claim holder previously included in income, exceeds the fair market value of stock, debt and cash received by the Claim holder which is attributable to such accrued interest.

In addition, such Claim holders will realize gain on such amount equal to the excess of the fair market value of stock, debt, other premises and cash received (excluding amounts attributable to interest and discussed above) over the cost or other tax basis of the debt claims surrendered (excluding any tax basis allocated to accrued interest). The gain may be a capital gain or ordinary gain unless the exchange has the

effect of the distribution of a dividend under Internal Revenue Code § 305 (discussed below) in which case gain recognized that is not in excess of earnings and profits of the Debtor will be treated as a dividend. A corporate Claim holder who receives a dividend may qualify for a dividend received deduction with respect to the dividend.

The rules regarding taxation of payments to Claim holders which are attributable to other accrued but unpaid income items (*e.g.*, rents, compensation, royalties, dividends, *etc.*) are similar to the rules described above for payments allocated to interest.

3. Importance of Obtaining professional Tax Assistance.

**THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF
SELECTED FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND
IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH, AND
RECEIPT OF ADVISE FROM, A TAX PROFESSIONAL. THE FEDERAL
INCOME TAX CONSEQUENCES OF THE PLAN THAT ARE DESCRIBED
HEREIN AND THE STATE, LOCAL AND FOREIGN TAX CONSEQUENCES
OF THE PLAN THAT ARE NOT ADDRESSED HEREIN, ARE COMPLEX AND,
IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY
BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A
CLAIM. ACCORDINGLY, EACH CLAIMANT AND EQUITY HOLDER IS
STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR
REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX
CONSEQUENCES OF THE PLAN.**

J. ACCOUNTING PROCESS

The financial information contained in this Disclosure Statement was derived from the Petition, Schedules and monthly operating reports filed by the Debtor in this case as well as based on certain assumptions made by the Debtor.

K. POST-PETITION ASSETS AND LIABILITIES

The Debtor has acquired no significant assets since the filing of the Chapter 11 and has incurred no significant liabilities.

L. EXECUTORY CONTRACTS

The only executory contracts related to the operation of Debtor's business are the Wind-Down Agreements that were assumed.

M. RETENTION OF JURISDICTION

Following Confirmation, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, without limitation, for the purposes set forth in Article XII of the Plan. These purposes include, among other things: (i) to determine the allowability, classification, or priority of Claims or Interests; (ii) to construe and to take any action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court; (iii) to issue such orders as may be necessary for the implementation, execution, performance, and consummation of the Plan; (iv) to determine any and all applications for allowance of compensation and expense reimbursement of Professional Persons; (v) to determine any other request for payment of Administrative Claims; (vi) to determine all applications, motions, adversary proceedings, contested matters, and any other litigated matters instituted prior to the closing of the Reorganization Case, including litigation commenced to set aside or avoid

any transfers pursuant to Bankruptcy Code Sections 544, 545, 547, 548, 549, 550 and 553; (vii) to modify the Plan under Bankruptcy Code Section 1127, to remedy any defect or omission in the Plan, (vii) to enforce the Debtor's right to compel the payment of the Wind-Down Money from GM, if necessary; and (viii) or to reconcile any inconsistency in the Plan, or to reconcile any inconsistency in the Plan so as to carry out its intent and purposes.

N. DISTRIBUTIONS UNDER THE PLAN

1. Cash Payments.

Cash payments made pursuant to the Plan will be in U.S. dollars by checks drawn on a domestic bank selected by the Debtor, or by wire transfer from a domestic bank, at the option of the Debtor.

2. Transmittal of Distributions.

All distributions shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid. Except as otherwise agreed with the holder of an Allowed Claim or Allowed Interest, any distribution on account of an Allowed Claim or Allowed Interest shall be distributed by mail to (i) the latest mailing address filed of record for the party entitled thereto or to a holder of a power of attorney designated by such holder to receive such distributions or (ii) if no such mailing address has been so filed, the mailing address reflected on the filed Schedules of Assets and Liabilities or in the Debtor's books and records.

3. Undeliverable Distributions.

If any distribution is returned to the Debtor as undeliverable, no further distributions shall be made to the holder of the Allowed Claim or Allowed Interest on

which such distribution was made unless and until the Debtor is notified in writing of such holder's then current address. Undeliverable distributions shall remain in the possession of the Debtor until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution held by the Debtor shall be accounted for separately, but the Debtor shall be under no duty to invest any such unclaimed distribution in any manner. Any holder of an Allowed Claim or Allowed Interest that does not present a Claim for an undeliverable distribution within one hundred and twenty (120) days after the date upon which a distribution is first made available to such holder shall have its right to such distribution discharged pursuant to Section 1141 of the Bankruptcy Code and shall be forever barred from asserting any such Claim or Interest against the Debtor or its property. All unclaimed or undistributed distributions shall be redistributed to the remaining holders of Allowed Claims in the same Class as the holder of the unclaimed or undistributed distribution.

O. LEGAL EFFECTS OF CONFIRMATION AND EFFECTIVENESS OF THE PLAN

1. Discharge and Injunction.

Since the Debtor is liquidating substantially all of its assets, confirmation of the Plan will not result in a discharge of Claims pursuant to Section 1141 of the Bankruptcy Code.

2. Revesting of Property of the Estate and Release of Liens.

Except as otherwise provided in the Plan, any contract, instrument, or other agreement or document created in connection with the Plan, or the Confirmation Order, on the Effective Date, all property of the estate, wherever situated, shall be revested in the Debtor free and clear of all Claims, mortgages, deeds of trust, liens, security interests,

encumbrances, and other interests of any Person, and the Debtor may thereafter operate its business and may use, acquire, and dispose of property and compromise or settle any Claims or Interests without the supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of New York, and the guidelines and requirements of the Office of the United States Trustee for the Eastern District of New York.

P. MODIFICATION OR REVOCATION OF THE PLAN

Subject to the restrictions on modification set forth in Section 1127 of the Bankruptcy Code, the Debtor reserves the right to alter, amend, or modify the Plan before or after the Effective Date. No alterations, amendments, or modifications may be made by any party except the Debtor. If the Plan is modified by the Debtor, it may be necessary to amend the Disclosure Statement and to resolicit ballots from all or some voting Classes. A hearing on such issues and any resolicitation of ballots likely would significantly delay Confirmation and, consequently, significantly delay distributions under the Plan.

The provisions of the Plan are not severable unless such severance is agreed to by the Debtor and such severance would constitute a permissible modification of the Plan pursuant to Bankruptcy Code Section 1127.

Q. ANALYSIS OF POTENTIAL RECOVERIES UNDER SECTIONS 542 THROUGH 550 OF THE BANKRUPTCY CODE.

The Debtor has undertaken an analysis as to whether any causes of action exist under Sections 542 through 550 of Title 11. the Debtor has concluded that no viable causes of action exist under these sections of the Bankruptcy Code.

R. SUMMARY OF CERTAIN OTHER PROVISIONS OF THE PLAN

Except as otherwise provided in the Plan, agreements entered into in connection therewith, the Confirmation Order, or in agreements previously approved by Final Order of the Bankruptcy Court, the Debtor may, pursuant to Bankruptcy Code Section 553 or applicable nonbankruptcy law, setoff against any Allowed Claim (before any distribution is made on account of such Claim) any and all of the Claims, rights and causes of action of any nature that the Debtor may hold against the holder of such Allowed Claim.

S. MEANS OF IMPLEMENTING THE PLAN

The funds required for the Confirmation and performance of this Plan shall be provided from the fund currently in the Debtor's possession, the liquidation of the parts inventory and the collection of the Wind-Down Money.

CONCLUSION

The Debtor believes that the Plan affords Creditors the potential for the greatest realization from the Debtor's assets and, therefore, is in the best interest of the Creditors. Accordingly, the Debtor urges all Secured and Unsecured Creditors to cast their ballots in favor of accepting the Plan.

Dated: New York, New York
August 19, 2010

WILK AUSLANDER LLP
Attorney for Debtor

By: /s/Eric J. Snyder
Eric J. Snyder (ES-8032)
675 Third Avenue
New York, New York 11207
(516) 997-0999

EXHIBIT B

SILLER WILK AUSLANDER LLP
Counsel for the Debtor
675 Third Avenue
New York, New York 10017
(212) 421-2233
Eric J. Snyder, Esq. (ES 8032)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 11

RAMP CHEVROLET, INC.,

Debtor.

Case No: 09-77513-REG

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AMENDED DISCLOSURE STATEMENT

This **Amended** Disclosure Statement (**the "Disclosure Statement"**) is filed pursuant to Section 1125 of Title 11, United States Code, on behalf of Ramp Chevrolet, Inc., Debtor and Debtor-in-Possession.

A. INTRODUCTION/NOTICE OF HEARING AND SOURCE OF INFORMATION

Pursuant to Section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), Ramp Chevrolet, Inc., the debtor herein (the "Debtor") provides this Disclosure Statement (the "Disclosure Statement") to all of the known Creditors of the Debtor and other parties in interest in order to provide information deemed by the Debtor to be material and necessary to enable such Creditors and parties in interest to make a reasonable informed decision in the exercise of their rights to vote on and participate in Debtor's Plan of Liquidation (the "Plan"). The Plan is annexed hereto as Exhibit "A". The information contained in this Disclosure Statement is based on the representations made by the Debtor in its Petition and Schedules and all other documents provided by counsel for the Debtor and **isare** believed to be accurate. It has not been subject to certified audit or independent review. Therefore, no representation or warranty is made

as to its accuracy or completeness. However, the Debtor has reasonably endeavored to obtain and supply all material information.

Terms utilized in this Disclosure Statement, if not defined herein, shall have the same meaning as such terms are used or defined in the Plan unless the context hereof requires a different meaning.

THE BANKRUPTCY COURT HAS SET AUGUST __ 2010 AT 1:30 P.M. OF THAT DAY AS THE DATE AND TIME OF THE HEARING ON CONFIRMATION OF THE PLAN AND OBJECTIONS THERETO, WHICH HEARING WILL BE HELD IN THE COURTROOM OF THE HONORABLE ROBERT E. GROSSMAN, UNITED STATES COURTHOUSE-ROOM 860, CENTRAL ISLIP, NEW YORK 11722. CREDITORS OF, AND HOLDERS OF INTERESTS IN, THE DEBTOR MAY ATTEND SUCH HEARING. THE BANKRUPTCY COURT HAS FIXED JULY __, 2010 AS THE DATE AND TIME BY WHICH ALL WRITTEN OBJECTIONS TO CONFIRMATION OF THE PLAN SHALL BE FILED WITH THE BANKRUPTCY COURT AND SERVED UPON THE ATTORNEY FOR THE DEBTOR AND UPON THE UNITED STATES TRUSTEE.

A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR YOUR USE IN VOTING ON THE PLAN. IN ORDER TO BE CONFIRMED, THE PLAN MUST BE ACCEPTED BY A MAJORITY IN NUMBER AND TWO-THIRDS IN AMOUNT OF THOSE VOTING IN EACH CLASS IMPAIRED UNDER THE PLAN.

**YOU ARE URGED TO REVIEW THE PLAN, THIS DISCLOSURE
STATEMENT, AND THE BALLOT WITH COUNSEL OF YOUR CHOICE.
HOLDERS OF CLAIMS OR INTERESTS WHICH ARE IMPAIRED UNDER
THE PLAN MAY VOTE TO ACCEPT OR REJECT THE PLAN BY
COMPLETING AND MAILING THE ENCLOSED BALLOT ON OR BEFORE
JULY __, 2010, TO COUNSEL FOR THE DEBTOR AT THE ADDRESS SET
FORTH BELOW:**

**SILLER-WILK AUSLANDER LLP
675 Third Avenue
New York, New York 10017-5704
Attn: Eric J. Snyder, Esq.**

**THE DEBTOR BELIEVES THE TREATMENT OF UNSECURED
CREDITORS THAT ARE IMPAIRED UNDER THE PLAN CONTEMPLATES A
GREATER RECOVERY FOR SUCH CREDITORS THAN WOULD BE
AVAILABLE UNDER ANY ALTERNATIVE PLAN OR IN A CHAPTER 7
LIQUIDATION.**

**ACCORDINGLY, THE DEBTOR BELIEVES THAT CONFIRMATION
OF THE PLAN IS IN THE BEST INTERESTS OF THE IMPAIRED GENERAL
UNSECURED CREDITORS AND RECOMMENDS THAT ALL SUCH
CREDITORS VOTE TO ACCEPT THE PLAN.**

Other than the information set forth in this Disclosure Statement, the Debtor has authorized no person or entity to make representations concerning the Debtor, its business, its future income, the value of the Debtor's assets, or the amounts to be distributed under the Plan. Any representations or inducements made to secure your

acceptance of the Plan which are^{is} other than as contained in this Disclosure Statement should not be relied upon by you in determining whether to accept or reject the Plan.

B. DEBTOR'S BUSINESS

The Debtor is a New York corporation. Its shareholders are John and Charles Rampone, Jr. The Debtor owns and operates Chevrolet, Chevrolet Truck and Hummer franchises (the "Dealerships"), pursuant to franchise agreements (the "Franchise Agreements") by and between the Debtor and the General Motors Company ("GM"). The Dealerships are located at 1395 Route 112, Port Jefferson, New York.

C. PRE-PETITION HISTORY OF THE DEBTOR

During June, 2009, GM filed for Chapter 11 relief. Immediately thereafter, GM informed the Debtor that it would be terminating the Franchise Agreements.

To this end, on June 12, 2009, the Debtor entered into three agreements (the "Wind-Down Agreements") with GM to "wind-down" the operations of the Dealerships. Pursuant to the Wind-Down Agreements, upon the sale of the Debtor's new car inventory of each franchise, the Debtor is required to close the Dealership. In exchange, GM has agreed to pay to the Debtor the sum of \$1,304,613 (the "Wind-Down Money"), in total, for consideration in terminating the three Dealerships. During August, 2009, 25% of the Wind-Down Amount, \$326,154.75, was paid to the Debtor by GM.

For the quarters ending November 30, 2009, February 28, 2009 and May 31, 2009, the Debtor failed to remit sales tax to the New York State Department of Taxation & Finance ("DTF") in the amounts of \$1,442,636.09, \$639,750.04 and \$425,993.96, respectively, totaling \$2,508,380.09 (the "DTF Claim"). Of this amount, the sum of \$2,082,386.13 ("DTF Secured Claim") is subject to Tax Warrants.

As of that date, the Debtor also owed GMAC, the entity that financed the purchase of the vehicles for the Dealerships, the sum of \$587,201.92 (the "GMAC Claim"), secured by all of the Debtor's assets.

On October 2, 2009, DTF sought to enforce its rights under the Tax Warrants and changed the locks on the Dealerships. As a result, the Debtor was compelled to seek Chapter 11 relief.

D. HISTORY OF THE CHAPTER 11 CASE

As stated above, as of the Petition Date, the Debtor owed GMAC the sum of approximately \$507,201.92 and the DTF approximately \$2,082,386.13. As a result of the DTF's secured status as of the Petition Date, it was necessary for the Debtor to seek the use of the cash collateral of GMAC and the DTF, pursuant to Section 363(c)(2)(B) of the Bankruptcy Code. By motion dated October 6, 2009, Debtor sought authority to use GMAC's and DTF's cash collateral. Pursuant to a Stipulation and Order dated October 20, 2009, the Debtor and GMAC entered into a Stipulation authorizing the Debtor to use cash collateral through November 4, 2009. On or about that date, the GMAC Claim was satisfied.

On December 3, 2009, the Debtor filed a motion (the "Assumption Motion"), pursuant to Section 365 of the Bankruptcy Code, to assume the Wind-Down Agreements.

Pursuant to an order of the Court, dated February 3, 2010, the Assumption Motion was granted.

During November, 2009, the Debtor sold the last of its retail vehicles. As a result, under the Wind-Down Agreements, the Debtor became eligible to collect the Wind-Down Money. To this end, the Debtor has requested the commencement of the procedures to terminate the Franchise Agreement by December 31, 2009 and to obtain the Wind-Down Money.

On February 8, 2010, the Office of the United States Trustee filed a motion (the "Conversion Motion") to convert or dismiss the Debtor's bankruptcy case. In order to resolve the Conversion Motion, the DTF agreed to allow a portion of the Wind-Down Money to be paid to satisfy Administrative Expenses and the Class 3 Claims, on a *pro rata* basis, as set forth below.

On July 23, 2010, GM filed a proof of claim in the bankruptcy proceeding asserting a secured claim of \$699,096.01 (the "Set-Off Amount") based on set off and recoupment rights.

On August 18, 2010, the Debtor provided to GM all of the documents GM stated it requires under the Wind-Down Agreement in order for the Debtor to obtain the Wind-Down Money. The Debtor shall immediately seek to compel GM to pay to the Debtor the \$279,363.79 in Wind-Down Money that is not disputed. Since the Debtor believes that GM's attempt to set-off the Set-Off Amount is improper, the Debtor shall also seek to compel GM to remit the remainder of the Wind-Down Money for the benefit of the Debtor's creditors.

E. THE LIQUIDATING DEBTOR

The Debtor is no longer operating. Its remaining assets are: a) vehicle parts, equal to approximately \$100,000; b) the right to receive the remainder of the Wind-Down Money equal to approximately \$975,000, totaling approximately up to \$1,075,000.

F. INSIDER TRANSACTIONS

Within one year of the Petition Date, the Debtor made no payments or transfers to any insider as that term is defined pursuant to the Bankruptcy Code, other than: i) the payments of salaries to the Rampones **Rampone**, as officers of the Debtor; and ii) the payment of \$100,000, on August 20, 2010, by the Debtor to United Bus Co., an entity owned by the Rampones.

This \$100,000 used to make this transfer to United Bus was deposited also on August 20, 2010 by Charles Rampone into the Debtor's bank account, even though he did not owe any money to the Debtor at that time, for the sole purpose of paying it over to United Bus and the Debtor.

G. CLASSIFICATION, AMOUNT AND NUMBER OF CLAIMS

1. The Plan divides all Claims and Interest into five Classes, plus Administrative Claims.

Administrative Claims consist of the allowed claims of Debtor's duly retained professionals, not paid during the bankruptcy proceeding and any other Administrative Expenses allowed under Section 503 of the Bankruptcy Code. Holders of Administrative Claims, as of May 31, 2010, are the sums owed Debtor's counsel in the amount of approximately \$50,000, including a retainer received by counsel prior to the Petition in

the sum of \$25,000 and the claim of 1581 Holding, LLC, the Debtor's former landlord, in the amount of \$14,000. There are no other accrued unpaid Administrative Expenses except for any unpaid fees owed to the Office of the United States Trustee, for the Second Quarter 2010, in the amount of approximately \$5,000, in total. The obligation to pay quarterly fees to the United States Trustee continues until the entry of the Final Decree by the Bankruptcy Court.

2. Class 1, consists of one claim, the secured claim of the DTF, in the amount of \$2,082,386.13.

3. Class 2 consists of one claim, the priority sales tax claim of the DTF in the amount of \$425,993.96.

4. Class 3 consists of approximately 100 Allowed General Unsecured Claims, not including the claims of insiders, as that term is defined in the Bankruptcy Code, in the aggregate amount of approximately ~~\$1,500,000~~ 7,573,925.

5. Class 4 claims consist of the Claims of the Debtor's insiders, in the amount of approximately \$3,500,000.

6. Class 5 consists of the Interests of the Debtor held by John and Charles Rampone, Jr.

H. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

1. Confirmation Hearing.

The Bankruptcy Court has set July __, 2010 at 1:30 p.m. as the date and time for a hearing to determine whether the Plan has been accepted by the requisite number of Creditors and Interest holders and whether the other requirements for confirmation of the Plan have been satisfied.

Each Creditor and Interest Holder will receive notice of the Confirmation Hearing.

2. Requirements for Confirmation.

In order to confirm the Plan, Section 1129 of the Bankruptcy Code requires the Bankruptcy Court to make a series of determinations concerning the Plan, including that:

- a. the Plan classifies Claims and Interests in a permissible manner;
- b. the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code;
- c. the proponent of the Plan (here the Debtor) has proposed the Plan in good faith;
- d. the Plan proponent's disclosures concerning the Plan have been adequate and have included information concerning all payments and distributions to be made in connection with the Plan; and

The Debtor believes that all of these conditions have been met or will be met by the time of the Confirmation Hearing, and the Debtor will seek a determination of the Bankruptcy Court to this effect at the Confirmation Hearing.

3. Acceptances Necessary for Confirmation.

The Bankruptcy Code requires that the Plan place each Creditor's Claim and each Interest in a class with other Claims or Interests which are substantially similar. The Debtor believes that the classification system in the Plan meets the Bankruptcy Code's standard. Although the Bankruptcy Court must independently conclude that the Plan's classification system is legally authorized, any Creditor or Interest holder who believes that the Plan has improperly classified any group of Claims or Interests may object to Confirmation of the Plan.

The Bankruptcy Code requires that the Plan be accepted by requisite votes of Creditors and Interest Holders. At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each Class of Creditors and Interest holders whose Claims or Interests are impaired under the Plan. Under Section 1126 of the Bankruptcy Code, any impaired Class is deemed to accept the Plan if it is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims or Interests of Class members who have voted on the Plan.

Further, at least one impaired Class must accept the Plan, without counting the vote of Insiders of the Debtor.

Finally, unless there is unanimous acceptance of the Plan by an impaired Class, the Court must also determine that under the Plan, Class members will receive property of value as of the Effective Date of the Plan that is not less than the amount such Class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. Under the Plan, the holder of the Allowed Classes 1 and 3 will receive a partial distribution, on account of their Allowed Claims. As set forth in the liquidation analysis, annexed hereto as Exhibit B, the holders of Class 3 Claims are receiving a greater distribution under the Plan than if the Debtor's case were converted to a case under Chapter 7 of the Bankruptcy Code.

4. Confirmation of Plan Without Necessary Acceptances.

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Court finds that the Plan was accepted by at least one impaired Class and does not discriminate unfairly against, and is fair and equitable with respect to, all non-accepting impaired Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code

and requires, among other things, that the holders of Claims or Interests which are impaired must either receive or retain the full value of their Claims or, if they receive less, no Class with a junior priority may receive anything.

5. Absolute Priority Rule.

With certain exceptions, one of the requirements for Confirmation is that a plan not provide for any payments to a junior Class unless all senior Classes are paid in full. Since General Unsecured Claims are superior to Interests, stockholders may not retain their Interests unless one of three situations ~~occurs~~occurs:

- (i) The plan provides for full payment to general unsecured creditors; or
- (ii) The stockholders seeking to retain their equity interests contribute “money or money’s worth” in the form of needed capital to the reorganized debtor reasonably equivalent in value to that of the equity interest sought to be retained; or
- (iii) The class of unsecured creditors ~~waive~~waives their rights by consenting to the plan as proposed. In the present case, Class 5 Equity Interests will be cancelled. Therefore, the absolute priority rule will be satisfied.

6. Persons Entitled to Vote on the Plan.

Only the votes of Classes whose Claims or Interests are impaired by the Plan will be counted in connection with Confirmation. Generally, this includes any holders of Claims who, under the Plan, will receive less than payment in full of the Allowed Amount of their Claims on the Effective Date. Holders of Administrative Claims are not impaired and are not entitled to vote. Classes 1 and 3 Claims are impaired and entitled to vote. Holders of Class 2 and 4 Claims and Class 5 Interests will not receive a distribution under the Plan and are deemed to have rejected the Plan.

In determining the acceptance of the Plan, votes will be counted only if submitted by a holder of a Claim whose Claim is scheduled by the Debtor as undisputed, non-

contingent, and liquidated, or who timely filed with the Bankruptcy Court a proof of claim which has not been objected to or disallowed.

7. Solicitation of Acceptances.

This Disclosure Statement must be approved by the Bankruptcy Court in accordance with Section 1125 of the Bankruptcy Code and be provided to each holder of a Claim who has been scheduled by the Debtor or who has filed a proof of claim. This Disclosure Statement is intended to assist holders of Claims which are impaired in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, a determination that the Disclosure Statement contains "adequate information", as required by the Bankruptcy Code, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

8. Voting Procedures.

All persons or entities entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, and signing the ballot for accepting or rejecting the Plan to be sent to them under separate cover, and delivering same to counsel for the Debtor, Eric J. Snyder, Esq., ~~Siller-Wilk~~, Auslander LLP, 675 Third Avenue, New York, New York 10017. In order to be counted, all ballots must be received by ~~Siller-Wilk~~ Auslander LLP on or before July __, 2010.

I. DESCRIPTION OF THE PLAN

The following is a summary of certain provisions of the Plan. **IT IS NOT A COMPLETE STATEMENT OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO PROVISIONS OF THE PLAN.** The Plan (annexed thereto as Exhibit "A"), which is subject to the provisions of the Bankruptcy

Code, provides for treatment of all holders of Claims and Interests of the Debtor. **SINCE THE PLAN DEALS WITH SOPHISTICATED LEGAL CONCEPTS, AND INCORPORATES THE DEFINITIONS AND REQUIREMENTS OF THE BANKRUPTCY CODE, YOU MAY WISH TO CONSULT WITH COUNSEL OF YOUR CHOICE IN MAKING ANY DECISIONS REGARDING YOUR VOTING ON THE PLAN.**

**1. Summary of Classifications and
Treatment of Claims and Interests under the Plan.**

The Plan divides Claims and Interests of the Debtor into Administrative Claims and five (5) Classes of Claims and Interests. The Classes and payments to be made in respect of, or treatment proposed to be accorded to Allowed Claims and Interests of each Class under the Plan are summarized and described below. The term "Allowed Claim" is defined in the Plan. The Plan also defines "Disputed Claim(s)" and proposes the treatment to be accorded to Disputed Claims. The proposed treatment of Disputed Claims is also summarized and described below.

A. ADMINISTRATIVE CLAIMS.

In order to Confirm the Plan, it is necessary for the Debtor to satisfy the Administrative Claims on the Effective Date or to have the holders of the Administrative Claims agree to different treatment.

DTF, the holder of the Class 1 Claim, has agreed to allow the payment of the following amounts (the "Carve-Out"), upon receipt by the Debtor of the Wind-Down Money: a) professionals to be paid up to the sum of \$25,000, on account of their Allowed Claim; b) the claim of 1581 Holdings, LLC, in the amount of \$14,000; and c) the sum of \$50,000 to be shared *pro rata* with all Allowed Class 3 Claims, as set forth below.

Upon approval of the Bankruptcy Court, the Administrative Claims of Debtor's professionals shall be paid either on the Confirmation Date or as otherwise agreed to by the parties.

B. CLASS 1 CLAIM (SECURED CLAIM OF DTF)

Subsequent to the payment of the Carveout Amount set forth above, and on the Effective Date, DTF will be paid up to the amount of its Allowed Class 1 Claim. The Class 1 Claim shall retain its lien on the Debtor's property until satisfied in full. The Class 1 Claim is impaired and entitled to vote.

C. CLASS 2 (PRIORITY CLAIMS OF THE TAXING AUTHORITIES)

The holder of the Class 2 Claims shall not receive a distribution on account of their Class 2 Claim. As a result, the Class 2 Claims are impaired and are deemed to have rejected the Plan.

D. CLASS 3 (GENERAL UNSECURED CLAIMS)

On the Effective Date, the holder of the Class 3 Claims shall receive a distribution on account of their Class 3 Claim equal to a pro rata distribution of the \$50,000 that the Debtor shall receive, pursuant to the Carve-Out, from the Wind-Down Money. As a result, the Class 3 Claims are impaired and are entitled to vote.

E. CLASS 4 (SUBORDINATED INSIDER GENERAL UNSECURED CLAIMS)

Class 4 Subordinated General Unsecured Claims shall not receive a distribution under the Plan. As a result, the Class 4 Claims are impaired and are deemed to have rejected their treatment under the Plan.

F. CLASS 5 (EQUITY INTERESTS)

The Class 5 Interests will be cancelled on the Effective Date. As a result, the Class 5 Interests are impaired and are deemed to have rejected his treatment under the Plan.

G. CLAIMS OBJECTIONS

The Debtor reserves the right to bring claims objections within 90 days of the Confirmation Date.

H. VALUE OF EQUITY INTERESTS TO BE RETAINED

On the date all of the Wind-Down Money is received, all the rights and interest of the holder of the Class 5 Interests will be extinguished.

I. TAX CONSEQUENCES OF THE PLAN

1. General Consequences.

**THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN
SELECTED SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES BUT
NOT STATE, LOCAL OR FOREIGN TAX CONSEQUENCES, OF THE PLAN
TO THE DEBTOR, HOLDERS OF CLAIMS AND HOLDERS OF INTERESTS.
THESE TAX CONSEQUENCES MAY BE AFFECTED BY SUCH FACTORS AS
CHANGES IN THE STRUCTURE OF THE DEBTOR FROM THAT**

DESCRIBED HEREIN. THE FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND INTERESTS MAY VARY SIGNIFICANTLY DEPENDING ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER.

MOREOVER, THE FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE UNCERTAIN BECAUSE OF THE LACK OF APPLICABLE LEGAL PRECEDENT AND THE POSSIBILITY OF CHANGES IN FEDERAL INCOME TAX LAWS. ACCORDINGLY, EACH HOLDER OF AN ALLOWED CLAIM OR INTEREST IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

In general, the federal income tax consequences to the Debtor and to each holder of an Allowed Claim will depend on numerous factors. These factors include but are not limited to the following:

- a. The identity and status of the particular Claimant for federal income tax purposes;
- b. The financial status of the Claimant and the Debtor, including the amount and character of any current tax attributes and tax attribute carryovers or carrybacks of the Claimant and/or the Debtor;
- c. The nature (recourse or nonrecourse) and terms of the debt instrument(s) to be restructured including the allocation of payments between principal and accrued but unpaid interest;
- d. The accounting method of the Claim holder;
- e. The relationship, if any, between the Debtor and the Claim holder;
- f. The residency, alienage or place of legal incorporation or formation (foreign or U.S.) of the Claim holder and/or the persons owning beneficial equity interests in the Claim holder.

- g. The type or method of debt restructure adopted by the Debtor and the Claim holder and the timing of such debt restructure.

The application of the factors to each Claim holder will depend on the Claim holder's individual facts and circumstances. In addition the federal income tax consequences to the Debtor and Claim holder may depend on events which occur several years after the Plan is implemented.

THE DEBTOR'S LEGAL COUNSEL DOES NOT HAVE HAS SUFFICIENT INFORMATION TO DETERMINE ALL OF THE SPECIFIC FEDERAL INCOME TAX CONSEQUENCES TO EACH OF THE CLAIM AND INTEREST HOLDERS RESULTING FROM THE PLAN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY ADVISED TO CONSULT WITH SUCH HOLDER'S OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

NO RULINGS HAVE BEEN OR ARE EXPECTED TO BE REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR ANY STATE TAX AGENCY CONCERNING ANY OF THE TAX MATTERS DESCRIBED HEREIN. THERE CAN BE NO ASSURANCE THAT THE IRS OR ANY STATE TAX AGENCY WILL NOT CHALLENGE THE POSITIONS TAKEN BY THE DEBTOR WITH RESPECT TO ANY OF THE ISSUES ADDRESSED HEREIN OR THAT A COURT OF COMPETENT JURISDICTION WOULD NOT SUSTAIN SUCH A CHALLENGE.

2. Tax Consequences of Cash Payments to Holders of Allowed Claims.

The federal income tax consequences with respect to payments of Cash to holders of Allowed Claims in partial or full satisfaction of debt, or pursuant to a tax free recapitalization or other restructuring, depend on the allocation of such payments to principal and interest owed on the debt. The allocation of payments between interest and principal may affect:

- a. the existence and timing of recognition of interest income by a cash basis Claim holder;
- b. the existence and timing of interest deductions on a cash basis (and sometimes to an accrual basis) Debtor;
- c. the amount (and possibly the character) of worthless debt loss recognized by the Claim holder;
- d. the amount of cancellation of indebtedness income recognized by the Debtor; and
- e. the amount of gain or loss recognized by the Claim holder pursuant to a recapitalization under Internal Revenue Code § 368(a)(1)(E).

A holder of an Allowed Claim will recognize ordinary income to the extent that any stock, debt securities, other premises, or cash received is attributable to interest (including original issue discount) which has accrued while the Claim holder held the debt and which the Claim holder previously included in income, exceeds the fair market value of stock, debt and cash received by the Claim holder which is attributable to such accrued interest.

In addition, such Claim holders will realize gain on such amount equal to the excess of the fair market value of stock, debt, other premises and cash received (excluding amounts attributable to interest and discussed above) over the cost or other tax basis of the debt claims surrendered (excluding any tax basis allocated to accrued interest). The gain may be a capital gain or ordinary gain unless the exchange has the

effect of the distribution of a dividend under Internal Revenue Code § 305 (discussed below) in which case gain recognized that is not in excess of earnings and profits of the Debtor will be treated as a dividend. A corporate Claim holder who receives a dividend may qualify for a dividend received deduction with respect to the dividend.

The rules regarding taxation of payments to Claim holders which are attributable to other accrued but unpaid income items (*e.g.*, rents, compensation, royalties, dividends, *etc.*) are similar to the rules described above for payments allocated to interest.

3. Importance of Obtaining professional Tax Assistance.

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF SELECTED FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH, AND RECEIPT OF ADVISE FROM, A TAX PROFESSIONAL. THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN THAT ARE DESCRIBED HEREIN AND THE STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN THAT ARE NOT ADDRESSED HEREIN, ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM. ACCORDINGLY, EACH CLAIMANT AND EQUITY HOLDER IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

J. ACCOUNTING PROCESS

The financial information contained in this Disclosure Statement was derived from the Petition, Schedules and monthly operating reports filed by the Debtor in this case as well as based on certain assumptions made by the Debtor.

K. POST-PETITION ASSETS AND LIABILITIES

The Debtor has acquired no significant assets since the filing of the Chapter 11 and has incurred no significant liabilities.

L. EXECUTORY CONTRACTS

The only executory contracts related to the operation of Debtor's business are the Wind-Down Agreements that were assumed.

M. RETENTION OF JURISDICTION

Following Confirmation, the Bankruptcy Court shall retain such jurisdiction as is legally permissible, including, without limitation, for the purposes set forth in Article XII of the Plan. These purposes include, among other things: (i) to determine the allowability, classification, or priority of Claims or Interests; (ii) to construe and to take any action to enforce and execute the Plan, the Confirmation Order, or any other order of the Bankruptcy Court; (iii) to issue such orders as may be necessary for the implementation, execution, performance, and consummation of the Plan; (iv) to determine any and all applications for allowance of compensation and expense reimbursement of Professional Persons; (v) to determine any other request for payment of Administrative Claims; (vi) to determine all applications, motions, adversary proceedings, contested matters, and any other litigated matters instituted prior to the closing of the Reorganization Case, including litigation commenced to set aside or avoid

any transfers pursuant to Bankruptcy Code Sections 544, 545, 547, 548, 549, 550 and 553; (vii) to modify the Plan under Bankruptcy Code Section 1127, to remedy any defect or omission in the Plan, (vii) to enforce the Debtor's right to compel the payment of the Wind-Down Money from GM, if necessary; and (viii) or to reconcile any inconsistency in the Plan, or to reconcile any inconsistency in the Plan so as to carry out its intent and purposes.

N. DISTRIBUTIONS UNDER THE PLAN

1. Cash Payments.

Cash payments made pursuant to the Plan will be in U.S. dollars by checks drawn on a domestic bank selected by the Debtor, or by wire transfer from a domestic bank, at the option of the Debtor.

2. Transmittal of Distributions.

All distributions shall be deemed made at the time such distribution is deposited in the United States mail, postage prepaid. Except as otherwise agreed with the holder of an Allowed Claim or Allowed Interest, any distribution on account of an Allowed Claim or Allowed Interest shall be distributed by mail to (i) the latest mailing address filed of record for the party entitled thereto or to a holder of a power of attorney designated by such holder to receive such distributions or (ii) if no such mailing address has been so filed, the mailing address reflected on the filed Schedules of Assets and Liabilities or in the Debtor's books and records.

3. Undeliverable Distributions.

If any distribution is returned to the Debtor as undeliverable, no further distributions shall be made to the holder of the Allowed Claim or Allowed Interest on

which such distribution was made unless and until the Debtor is notified in writing of such holder's then current address. Undeliverable distributions shall remain in the possession of the Debtor until such time as a distribution becomes deliverable or is deemed canceled (as hereinafter provided). Any unclaimed distribution held by the Debtor shall be accounted for separately, but the Debtor shall be under no duty to invest any such unclaimed distribution in any manner. Any holder of an Allowed Claim or Allowed Interest that does not present a Claim for an undeliverable distribution within one hundred and twenty (120) days after the date upon which a distribution is first made available to such holder shall have its right to such distribution discharged pursuant to Section 1141 of the Bankruptcy Code and shall be forever barred from asserting any such Claim or Interest against the Debtor or its property. All unclaimed or undistributed distributions shall be redistributed to the remaining holders of Allowed Claims in the same Class as the holder of the unclaimed or undistributed distribution.

O. LEGAL EFFECTS OF CONFIRMATION AND EFFECTIVENESS OF THE PLAN

1. Discharge and Injunction.

Since the Debtor is liquidating substantially all of its assets, confirmation of the Plan will not result in a discharge of Claims pursuant to Section 1141 of the Bankruptcy Code.

2. Revesting of Property of the Estate and Release of Liens.

Except as otherwise provided in the Plan, any contract, instrument, or other agreement or document created in connection with the Plan, or the Confirmation Order, on the Effective Date, all property of the estate, wherever situated, shall be revested in the Debtor free and clear of all Claims, mortgages, deeds of trust, liens, security interests,

encumbrances, and other interests of any Person, and the Debtor may thereafter operate its business and may use, acquire, and dispose of property and compromise or settle any Claims or Interests without the supervision or approval of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules of the United States Bankruptcy Court for the Eastern District of New York, and the guidelines and requirements of the Office of the United States Trustee for the Eastern District of New York.

P. MODIFICATION OR REVOCATION OF THE PLAN

Subject to the restrictions on modification set forth in Section 1127 of the Bankruptcy Code, the Debtor reserves the right to alter, amend, or modify the Plan before or after the Effective Date. No alterations, amendments, or modifications may be made by any party except the Debtor. If the Plan is modified by the Debtor, it may be necessary to amend the Disclosure Statement and to resolicit ballots from all or some voting Classes. A hearing on such issues and any resolicitation of ballots likely would significantly delay Confirmation and, consequently, significantly delay distributions under the Plan.

The provisions of the Plan are not severable unless such severance is agreed to by the Debtor and such severance would constitute a permissible modification of the Plan pursuant to Bankruptcy Code Section 1127.

Q. ANALYSIS OF POTENTIAL RECOVERIES UNDER SECTIONS 542 THROUGH 550 OF THE BANKRUPTCY CODE.

The Debtor has undertaken an analysis as to whether any causes of action exist under Sections 542 through 550 of Title 11. the Debtor has concluded that no viable causes of action exist under these sections of the Bankruptcy Code.

R. SUMMARY OF CERTAIN OTHER PROVISIONS OF THE PLAN

Except as otherwise provided in the Plan, agreements entered into in connection therewith, the Confirmation Order, or in agreements previously approved by Final Order of the Bankruptcy Court, the Debtor may, pursuant to Bankruptcy Code Section 553 or applicable nonbankruptcy law, setoff against any Allowed Claim (before any distribution is made on account of such Claim) any and all of the Claims, rights and causes of action of any nature that the Debtor may hold against the holder of such Allowed Claim.

RS. MEANS OF IMPLEMENTING THE PLAN

The funds required for the Confirmation and performance of this Plan shall be provided from the fund currently in the Debtor's possession, the liquidation of the parts inventory and the collection of the Wind-Down Money.

CONCLUSION

The Debtor believes that the Plan affords Creditors the potential for the greatest realization from the Debtor's assets and, therefore, is in the best interest of the Creditors. Accordingly, the Debtor urges all Secured and Unsecured Creditors to cast their ballots in favor of accepting the Plan.

Dated: New York, New York

AUSLANDER LLP

~~June 16,~~ August 19, 2010

Debtor

~~SILLER WILK~~

Attorney for

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